

Decision 02-10-050 October 24, 2002

BEFORE THE PUBLIC UTILITIES OF THE STATE OF CALIFORNIA

Application of WANDA M. LANGFORD
dba GRENADA WATER COMPANY to
sell and GRENADA SANITARY
DISTRICT to buy the water system in
Grenada, Siskiyou County

Application No. 02-06-052
(Filed June 27, 2002)

O P I N I O N

Summary

This Decision grants the authority requested by Grenada Water Company (GWC) in Application 02-06-052 (Application) to sell its water system to Grenada Sanitary District (GSD).

GWC requests authority, pursuant to Sections 851 through 854 of the California Public Utilities Code and Rules 1 through 7, 15, 35, 36, 45 through 48 and 88 of the Commission's Rules of Practice and Procedure for authority to transfer the water system.

Background

GWC is a private investor owned water utility regulated by the California Public Utilities Commission (CPUC). It operates a water system located in Grenada, Siskiyou County, serving approximately 98 customers. Authority to acquire the system was granted to the present owner by Decision 71029 dated July 26, 1966 in Application 48487 filed on May 20, 1966. The owner of GWC desires to dispose of the system because of inability to finance necessary improvements.

GSD is a duly organized public sewer agency in the State of California and desires to acquire the system because it wishes to upgrade the quality of service.

On May 29, 2002, and on May 30, 2002, GWC and GSD executed a Purchase Agreement to transfer the water system from seller to buyer for a cash amount of \$4,650.

Discussion

The system needs modification and repairs at an estimated cost of \$1,035,000 to bring it up to the standards of General Order No. 103. The owner of GWC desires to sell the system because he is unable to finance the necessary improvements. The buyer is willing to purchase the system because it can receive federal and state funds to bring the system into compliance. The source of those funds is the State Revolving Fund Project #4700523-1 and the full amount of \$1,035,000 to bring the system up to GO 103 standards is available. Buyer currently operates the Grenada Sanitary District. The buyer will adopt the present rates set by the Commission.

The California Environmental Quality Act (Public Resources Code Section 21000, et seq., hereafter CEQA) applies to discretionary projects to be carried out or approved by public agencies. A basic purpose of CEQA is to inform governmental decision-makers and the public about the potential, significant environmental effects of the proposed activities (CEQA Guideline Section 15002).

This Application involves only a transfer of ownership and does not involve any new construction, and there is no possibility that the transaction could have any significant impact on the environment. However, we place the utility on notice that, while we recognize that environmental requirements are not applicable in this instance because no

new construction or project can be identified, in no way should this decision be construed to constitute an implied or expressed waiver of applicable environmental regulations should any capital improvements be undertaken by the utility or its successor pursuant to this or any other Commission Decision.

Our staff contacted both the State and the local health agencies and neither voiced any objection to the transfer.

GSD, as a governmental entity, is not subject to the jurisdiction of the Commission. It is the intention of GSD to operate and maintain the water system with the lowest rates possible consistent with providing reliable service to the community.

Public Notice

A public meeting was held on Thursday April 13, 2000 to discuss with the customers the proposed transfer of ownership to the Grenada Sanitary District. In attendance were Supervisor Bill Hoy and District Engineers Eugene Parham and Tony Weidemann of the Office of Drinking Water in Redding, California. No protests have been received.

Assignment of Proceeding

This proceeding was assigned to Examiner Izetta C.R. Jackson.

Findings of Fact

1. Grenada Water Company desires to sell its water system to Grenada Sanitary District, which desires to buy the system and continue its operation.
2. Buyer is a duly organized public sewer district possessing the ability necessary to operate the water system.

3. Notice of the filing of the Application appeared on the Commission's Daily Calendar on July 8, 2002. There is no known opposition to the Application.

4. A public meeting was held April 13, 2002 to discuss the proposed transfer of ownership. No protests have been received.

5. This order should become effective immediately as seller and buyer have completed all elements of the transaction save for the Commission's approval and the parties wish for buyer to assume operation of the water system as soon as possible.

Conclusions of Law

1. Grenada Sanitary District has the legal capacity to acquire Grenada Water Company.

2. The acquisition of ownership and control of Grenada Water Company by Grenada Sewer District is in the public interest.

3. An additional public hearing is not necessary. One was already held on April 13, 2002.

4. The following order should be effective on the date of signature.

O R D E R

IT IS ORDERED that:

1. Grenada Water Company is authorized to transfer its water system to Grenada Sanitary District in accordance with the terms of agreement of sale attached to the application.

2. Grenada Water Company shall remit all CPUC Users Fees collected to the date of transfer of ownership of the water system.

3. Within ten (10) days after the transfer, Grenada Water Company shall write a letter to the Commission notifying it of the transfer and submitting an executed copy of the transfer document(s).

4. Upon compliance with this order, Grenada Water Company shall be relieved of its public utility obligation and the certificate of public convenience and necessity canceled.

5. Application 02-06-052 is closed.

This order is effective today.

Dated October 24, 2002, at San Francisco, California.

LORETTA M. LYNCH

President

HENRY M. DUQUE

CARL W. WOOD

GEOFFREY F. BROWN

MICHAEL R. PEEVEY

Commissioners